



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
SUZANNE D. CASE  
Chairperson**

**Before the House Committee on  
WATER, LAND, AND HAWAIIAN AFFAIRS**

**Friday, February 1, 2019  
9:00 A.M.  
State Capitol, Conference Room 325**

**In consideration of  
HOUSE BILL 1033  
RELATING TO MANDATORY VESSEL INSURANCE COVERAGE**

House Bill 1033 proposes to: (1) Require owners of vessels that are required to register with the State, or that operate a U.S. Coast Guard documented vessel in state waters, to obtain vessel coverage; (2) Specify the types of insurance coverage required; (3) Exempt certain vessels from the mandatory insurance coverage requirement; and (4) Authorize the Chairperson of the Board of Land and Natural Resources to adopt administrative rules concerning mandatory vessel insurance. **The Department Land and Natural Resources (Department) strongly supports this Administration measure and recommends the following amendment.**

Most states, including Hawai'i, require vessel operators to maintain a minimum insurance coverage amount if mooring their boats in a state facility. In 2009, the Department began requiring mandatory insurance coverage as a condition of obtaining a mooring permit for state small boat harbors. Although the number of uninsured vessels has decreased as a result of this requirement, there are still a significant number of vessels that are not required to maintain insurance coverage because they do not hold a mooring permit for a state small boat harbor. Despite not being required to maintain insurance coverage, these vessels may still use launch ramps to access ocean waters and may still operate on waters of the State.

There are currently two other states that have enacted mandatory vessel insurance laws that apply to all recreational vessels being operated on the waters of those states: Arkansas and Utah. In Arkansas, all motorboats more than 50 horsepower and all thrill craft must be covered by a liability insurance policy providing at least \$50,000 of liability coverage. In Arkansas, it is illegal to operate a thrill craft without the required minimum insurance coverage. In Utah, all motorboats 50 horsepower and greater, except airboats, and all thrill craft are required to carry owner's or operator's liability insurance when operated on Utah waters. Utah's boat insurance

policy requires the following minimum coverage amounts: \$25,000 for bodily injury per person; \$50,000 for total bodily injury if multiple people are hurt in the accident; and \$15,000 for property damage. It is illegal to operate a thrill craft on Utah waters without the required minimum insurance coverage.

While Arkansas and Utah aim to mainly address insurance coverage for injuries and property damage, this measure will allow the Department to address injuries, property damage, and the equally important issue of removal costs for grounded and sunken vessels. An insurance policy providing hull removal coverage will ensure coverage in the event of a grounding or sinking, but lack of hull removal coverage results in costs being passed onto the State.

Since 2002, the Department has recorded 373 vessels, either grounded, sunk, or abandoned, that it would have been responsible for. Of those 373 vessels, the Department's Division of Boating and Ocean Recreation (DOBOR) removed 91 vessels and expended \$2,263,440.45 from the boating special fund to address the 91 vessels because the vessels were uninsured.

Requiring owners of all vessels operating in or on the waters of the State to obtain insurance would greatly reduce the resources that the Department must expend to remove a grounded or sunken vessel and ensure the owner's insurance company would pay for the removal. Also, the insurance required by this measure would cover incidents that may occur when utilizing a launch ramp or other state facility. The Department consulted with insurance providers and determined that the average price of insurance coverage that would comply with the requirements of HB1033 is about \$1,000 annually.

After consultation with the Department of Accounting and General Services, Risk Management Office, the Department recommends the words "combined single" be removed from Section 2(b), as shown below:

(b) Marine insurance coverage required by this section shall have a ~~[combined single]~~ limit of not less than \$500,000 per occurrence, in such a form and content as to ensure that removal and salvage of a grounded vessel are covered.

Thank you for the opportunity to comment on this measure.

**HB-1033**

Submitted on: 1/30/2019 10:44:18 AM

Testimony for WLH on 2/1/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Teresa L Nakama	BIFA	Oppose	No

Comments:

I Teresa L.. Nakama a voter in the State of Hawaii, hereby strongly oppose HB1033. This will cause undue hardship and financial burden to the mere fisherman that fish to feed their families.

Respectfully Yours,

Teresa L. Nakama

**HB-1033**

Submitted on: 1/30/2019 2:56:28 PM

Testimony for WLH on 2/1/2019 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Shyla Moon	Individual	Oppose	No

Comments:

**LATE**

**HB-1033**

Submitted on: 2/1/2019 6:13:12 AM

Testimony for WLH on 2/1/2019 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Charlene Dierking	Individual	Oppose	No

Comments:

Very few boats are “grounded” each year. Why aren’t the costs submitted to the owners of the boats?

Mandatory insurance should NOT be imposed to the boat owners, some owners (like me) hardly take our boats out, yet still pay for harbor fees, registration fees and safety checks for my boat trailer!

Give us a break!